

Store Wars: The Enactment and Repeal of Anti-Chain-Store Legislation in America¹

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Competition between organizational forms manifests itself in political contention over the law. The authors analyze the political strength and organization of the groups that supported and opposed state anti-chain-store laws. The enactment of these laws depended on intrastate political activity and the interstate diffusion of anti-chain-store legislation. The repeal process relied on suprastate activity, as nationally organized pro-chain-store forces shifted the arena of contention to the Supreme Court and forged national alliances with labor unions and agricultural cooperatives. In both enactment and repeal, the political resources and strategies of organizational forms interacted with existing institutions to determine the trajectory of institutional change.

The selfishness of those who would control the money power of the nation, if their greed is allowed to develop unchecked . . . [would leave] masses of Americans wholly at the mercy of the despotic power of a monopolistic class.—*National Association of Retail Druggists Journal*

If the people of the United States like our stores so little that they are willing to tax us out of business, that is their affair. We will shut up shop.—president of the Atlantic & Pacific Stores

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Chain stores, or multiunit organizations, are ubiquitous in every service industry in America. Chains account for 90.3% of the revenue in the finance and insurance industries and control 59.6% of the revenue from the health care sector (U.S. Bureau of the Census 1997). Chains in retailing, hospitality, and food service are the international face of American capitalism. Equally striking is the speed with which chain stores have risen to dominate the American economy. Consider retailing: at the beginning of the 20th century there were only about 50 chains in retailing; currently there are 50,000. Chains have had similar careers in industries such as hospitality, wholesaling, and transportation.

Sterile census counts, however, miss the contentious transformation from independents to chain organizations. Before the chains, the independent retailer was a deeply institutionalized element of American economic and social life, ingrained in the prevailing concept of community, and a key link in the opportunity structure that was then seen as a foundation of American democracy. Chain stores harmed the proprietors of independent stores, created new opportunities for the owners and employees of chains, and transformed the relationships between organizations, customers, and communities. Supporters of independent stores, as the editorial in the *National Association of Retail Druggists Journal* suggests, inveighed against chain stores. They sought to establish laws designed to tax chain stores out of business. By contrast, proponents of chain stores, as reflected in the remarks of the president of the A&P Stores (quoted in Roat 1939, p. 513), responded with threats of closure but also efforts to resist and rescind hostile tax laws.

Tax laws were a key element of the institutional framework within which chains and independents competed, and were the objects of a political contest between anti-chain-store and pro-chain-store forces. The legislative scorecard of this contest may be seen in the tally of anti-chain-store laws shown in figure 1. Anti-chain-store laws established taxes aimed at discouraging chains. Between 1931 and 1939 27 of the 48 states passed such laws, and in 1938, 19 were active. After that point the legislative tide against chains turned, and a number of anti-chain-store laws were repealed.

The enactment and repeal of anti-chain-store laws merit attention since this trajectory impinges on wider problems in organizational theory. The careers of organizational forms depend critically on legal support from the state, but there is little research on “the general causes of endorsement acts” (Carroll and Hannan 2000, p. 204) and virtually no attention has

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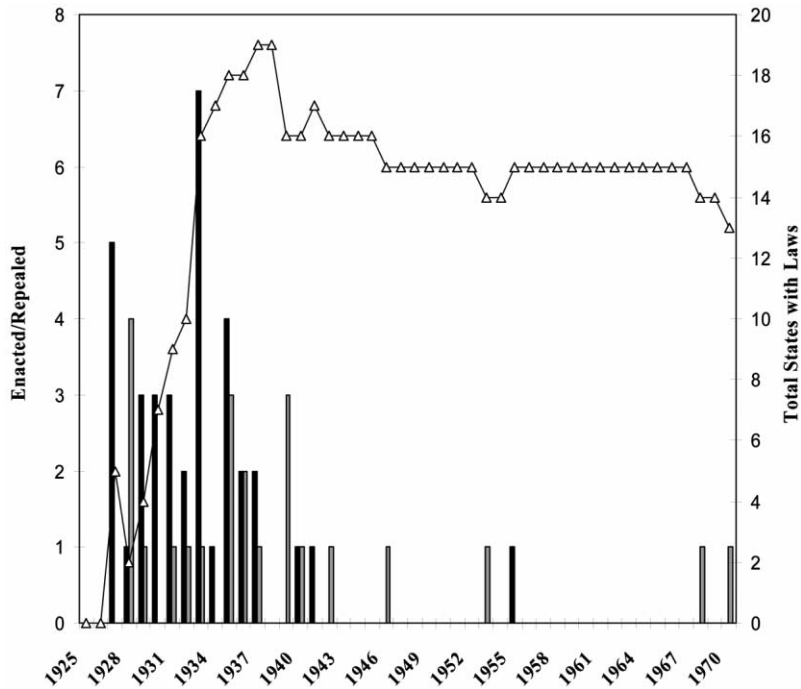


FIG. 1.—Enactment and repeal of anti-chain-store laws in the United States (black bars = laws enacted; grey bars = laws repealed; line with triangles = states with laws)

been paid to the loss and reaccreditation of legal support for an organizational form. Moreover, although a number of studies suggest that the institutionalization of organizational forms is a contested process (DiMaggio 1988; Clemens 1997; Davis and Thompson 1994; Fligstein 1996; Rao 1998; Schneiberg and Bartley 2001), a number of gaps remain in the literature. First, recent work has shown how social movements underpin the emergence of new organizational forms (e.g., Davis and McAdam 2000; Rao, Morrill, and Zald 2000; Carroll and Swaminathan 2000). But little has been said about social movements that arise to attack an incumbent organizational form and how this generates countermobilization from members of the incumbent form. Second, extant research about the institutionalization of new forms either emphasizes political contestation or diffusion without jointly considering their interdependencies. Schneiberg and Bartley (2001, p. 132) note that future “research should investigate how political processes and institutional forces shape state policy. . . . Amenta and company have shown how institutional structures mediate interest group pressures (Amenta, Carruthers, and Zylan 1992). However,

the question remains if institutional *dynamics* like the diffusion of models among states could reduce the costs of political organization or provide some actors new political advantages." Finally, reported research on political competition between organizational forms glosses over the multi-level character of the contest (for an exception, see Schneiberg and Soule [2002]). In a review of the literature, Stryker (2002, p. 173) observes that an "adequate political approach must be a multilevel approach. . . . We must always map how organizational actors, interests, resources and conflicts are shaped by and in turn, shape the actors, interests, resources and conflicts that operate at the level of organizational fields, and the broader political economy."

These considerations lead us to construct an analytical narrative of how a social movement comprising supporters of independent stores sought to attack chain stores by pushing for the enactment of anti-chain-store tax laws. We depict how a counteroffensive led by a national association of chain stores sought to resist and dismantle these laws by requesting the intervention of the Supreme Court and by mobilizing support from constituencies such as farmers and unions. Using event-history models, we show how the structures and strategies of these groups, combined with diffusion processes that linked political activity between states, influenced the rate of enactment of anti-chain-store laws and the rate of their repeal. The foundation of the anti-chain-store episode consisted of intrastate political activity, affected by interstate diffusion of contention tactics and legislative outcomes. Suprastate activity was also important, particularly decisions of the U.S. Supreme Court and national alliances between pro-chain-store, agricultural, and labor organizations. By simultaneously examining inter-, intra-, and suprastate influences on institutional change, we are able to show that contesting social movements exploited different sources of institutional authority, thus creating political opportunities from the nuances of a multilevel, fragmented institutional framework.

We also seek to advance social movement theory. A pressing limitation of social movement research is that it has emphasized the origins of movements rather than their consequences (Guigni 1998). Our study focuses on the success of a movement and the effectiveness of the opposition and thereby allows us to understand the scope conditions under which movements have policy impacts. Moreover, social movement theorists have focused on extrainstitutional eruptions of protest that seek benefits from the state rather than how competing groups interact to wrest benefits from the state through collective action and resistance (Meyer and Staggenborg 1996; Staggenborg and Meyer 1998). The image of competing groups with the state as an intermediary juxtaposes social movements and interest groups, two social forms that are too seldom distinguished (Burstein and Linton 2002). We show how an interest group can emerge

from a social movement through organization, and we document the differential political capabilities of the two forms (Clemens 1997).

THE ANTI-CHAIN-STORE EPISODE

The motivation for opposition to chains stemmed from their rapid rise in retailing after World War I. Estimates of the number of chain stores in 1920 range from 27,000 to 50,000 (Lebhar 1959), while the 1929 census of retailing counts 141,492. It is this rise that appears in the first sentence of the resolution calling for a chain-store inquiry by the Federal Trade Commission (FTC), introduced to the U.S. Senate in 1928 by Smith Brookhart of Iowa. The earliest anti-chain-store efforts came from the wholesalers and retailers who were most affected by the growth of chain stores. In the early 1920s, wholesalers in the grocery industry pressured manufacturers not to sell directly to chains. Orders by the FTC to desist from such practices in Texas (1922) and in California and Arkansas (1924) frustrated this mode of contention (Lebhar 1959).

Later in the 1920s, the anti-chain-store opposition took on a grassroots character, expressing itself in myriad forms, in all parts of the country. By 1929, "trade-at-home" advertising campaigns existed in more than 400 communities (Palamountain 1955). Representative is the campaign in Springfield, Missouri, operated by the local chamber of commerce. Its slogan was "Keep Ozark Dollars in the Ozarks." Advertisements in the *Springfield Leader* claimed that chain-store managers were "mechanical operators" whose duties were to "get Springfield's money and to send it to the Home Office" (Lebhar 1959, 161). In 1930 there were 500 high school and college debates on the issue, and 1931 saw 5,000 debates presented before 1.9 million attendees. Pro- and anti-chain-store forces published at least seven debate manuals (Nichols 1940).

The foes of chains also employed emerging mass media to broadcast their message. W. K. "Old Man" Henderson, owner and operator of KWKH radio in Shreveport, Louisiana, became "the first American radio demagogue of the Depression years" after predicting in 1929 that the growth of chains would lead to economic collapse (Bean 1996). Henderson profited from his anti-chain-store crusade, organizing the Merchants' Minute Men, which any independent merchant could join for \$12. He also sold coffee over the air, at more than twice the going rate, to those who wanted to contribute to the cause. In the Pacific Northwest, Montaville Flowers attacked chains in a series of 36 half-hour broadcasts (Flowers 1931). "Fighting" Bob Duncan broadcast his attacks from a small station in Portland, which in 1931 became the first community in the country to pass a municipal anti-chain-store law (Horowitz 1988). The message was

also delivered via film, specifically a full-length propoganda picture entitled *America Forward*. Throughout the country, independent business people bought tickets at twenty-five cents a piece and distributed them to their customers. Eventually pro-chain-store forces stopped the practice by claiming it was a violation of National Recovery Act codes against false advertising.

The message communicated through these diverse channels was that the independent businessperson, threatened by the chains, was an integral part of U.S. democracy. Palamountain (1955, pp. 170–71) quotes the National Association of Retail Druggists to support his conclusion that the anti-chain-store struggle embodied an “inchoate class war”: Chains represented the “privilege-seeking few—[who] seek . . . the dictatorship of big money—a state of financial feudalism . . . privilege-seeking tycoons . . . would-be dictators” (*National Association of Retail Druggists Journal*, April 2, 1936, p. 397). According to a 1938 speech to independent grocers, the chains were the “Captain Kidds of Wall Street” (*New York Times*, June 21, 1938, p. 28). The themes of this rhetoric—monopoly, feudalism, loss of opportunity and democracy—were offered repeatedly by the anti-chain-store movement. Representative Wright Patman (D-Texas), one of the leading small-business advocates in Congress, put it this way:

The wide distribution of economic power among many independent proprietors is the foundation of the Nation’s economy. Both Franklin and Jefferson feared that industrialization would lead to a labor proletariat without property and without hope. Small-business enterprise is a symbol of a society where a hired man can become his own boss. . . . History shows that the elimination of the independent businessman has been the first step in the development of totalitarianism. (Bean 1996, p. 5)

The institutional expression of such political rhetoric was the anti-chain-store laws that were enacted in individual states. At the federal level, bills were introduced to promulgate laws hostile to chains, but these never did muster sufficient support. The most serious federal bill was introduced in 1938 by Wright Patman and 75 cosponsors. That bill, called a “chain-store death sentence” in a *New York Times* editorial (April 22, 1940, p. 22), would have effectively outlawed large national chains, most of which would have been hit with taxes that exceeded their total earnings. That bill was eventually defeated, so anti-chain-store and pro-chain-store activity focused primarily on state laws.

The idea of legislation against chains was first introduced at the 1922 convention of the National Association of Retail Grocers, where the desirability of restricting the number of chain stores in any one community was discussed. The following year, a law of that type was introduced in

Missouri but not passed. In 1927, Maryland enacted a law that disallowed any chain that operated more than five stores in Allegany County. The law was judged as unconstitutional by the Circuit Court of Allegany County, mainly because the distinction between more and fewer than five stores was arbitrary. Similar laws in North Carolina and Georgia received similar judgments from state supreme courts.

Laws passed in 1929 in Indiana and North Carolina represented a significant variation: they applied increasing taxes to chains starting with the second rather than the fifth store. A 1931 ruling by the U.S. Supreme Court upheld the Indiana law. The key element of the majority opinion was that the distinction between single-unit and multiunit organizations was neither arbitrary nor unreasonable, with the astounding growth of chains cited as proof that there were differences and advantages in their favor. This ruling opened a floodgate of anti-chain-store legislation, which had been pent up by past negative rulings at the state level. As one observer put it, "wherever a little band of lawmakers are gathered together in the sacred name of legislation, you can be sure that they are thinking up things they can do to the chain stores" (John Flynn quoted in Phillips 1936, p. 354). Some of the years that immediately followed saw hundreds of anti-chain-store bills introduced at the state level (Lebhar 1959). Dozens passed, and, ultimately, 27 of the 48 states enacted anti-chain-store laws in the interwar period.

The pro-chain-store forces were not idle in the face of this legislative onslaught. Evidencing one of the mechanisms for countermobilization identified by McAdam, Tarrow and Tilly (2001), the chains formed organizations to manage their collective action and converted existing organizations to their purpose. The most significant was the National Chain Store Association (NCSA), created in 1928 through the merger of two regional associations in the grocery industry. The NCSA was the leader of the chain cause. From the beginning, its agenda was dominated by the anti-chain-store episode, as indicated by the content of 400,000 monthly copies of its bulletin, *Chain Store Progress*. Indeed, the association's very structure seems to be a response to the threat to chains, as four of its seven committees in 1930 were oriented to fighting taxes and improving the public perception of chains (the names of the committees were public relations, taxation, community relations and propaganda). Among its efforts were the publication and distribution of several hundred thousand pamphlets and editorial reprints and the *Chain Store Debate Manual* (Buehler 1931). Much of the content of these publications was created by the NCSA's own research bureau, headed by Paul C. Olsen of Columbia University. This organization also maintained a legal defense fund (\$175,000 in each of 1933 and 1934) for battling state anti-chain-store laws.

The largest chains made substantial efforts on their own, although here we see clear evidence that the chain-store episode was not a simple unfolding of initial interests and positions but a series of substantial shifts of political behavior. In 1933 the president of A&P, then the largest chain in the United States, threatened closure (quoted in Roat 1939, p. 513; see remarks above). Only three years later, he was waging an expensive and extensive battle against the anti-chain-store laws. A&P alone bought space in 1,300 newspapers and sent its spokesmen out to address thousands of civic organizations (Palamountain 1955).

For much of the anti-chain-store episode, the pro-chain-store forces relied on a strategy of contesting restrictive laws in the courts. Occasionally, however, they counterattacked the anti-chain-store forces in the realm of public opinion. One such instance was the 1936 referendum over an anti-chain-store bill in California. The grassroots pressure of the anti-chain-store forces was clearly evident, represented, for example, by a march on Sacramento by thousands of independent merchants, accompanied by brass bands, who wanted to register their opinion at hearings for the bill. The pro-chain-store forces, who forced the referendum, pursued a less noisy, but ultimately more effective strategy. They formed a state chain store association to ensure a coordinated political effort. The main action by this group was to hire a leading advertising agency, Lord & Thomas, to manage a pro-chain-store effort that had two major components. The first was a recognition that chains had made mistakes, and enemies, during their rapid growth. The role of the chain in the community was readdressed, the logic behind chain policies was explained, and key constituents, particularly farmers, were co-opted (more on this below). The second component was a campaign against the tax itself, with radio commercials, newspaper advertising, and the lobbying efforts of campaign workers and chain-store employees increasing as the referendum day approached. On November 3, 1936, the referendum passed by an 11–9 margin.

Lessons from the California campaign about the importance of public relations and intergroup relations were applied to other states. In 1941, for example, the chains forced and won a referendum against a particularly potent anti-chain-store law in Utah. Perhaps most significantly, these key campaigns influenced public opinion. According to polls conducted by the business periodical *Fortune*, in 1937 slightly more than half of interviewees favored a special tax on chains. By 1939, only 37.5% supported such a tax (*Fortune*, February 1939, pp. 88–89). This shift is apparent in the legislative outcomes shown in figure 1. The high point of anti-chain-store legislation occurs in 1937; after that, the repeal and lapse of existing laws outweighs the passage of new ones.

POLITICAL CONTENTION: ACTORS, ALLIES, AND ARENAS

Conventional accounts of institutional change depict the adoption of laws, structures, and technologies as driven initially by perceptions of efficiency and subsequently powered by diffusion, where sheer prevalence of a law or structure contributes to its legitimacy and taken-for-grantedness, and therefore, the impression that it is the natural way to organize things (Tolbert and Zucker 1983; Walker 1969; Zhou 1993; Grattett, Jenness, and Curry 1998). Such accounts have underemphasized instances of failed diffusion (Strang and Soule 1998) and are therefore a strained fit to the basic features of the anti-chain-store episode, which contains numerous reversals of institutional momentum. How did chains initially rise in an economy and society that made an icon of the independent retailer? After chains had become common and presumably taken-for-granted, what explains the reversal of their fortunes represented by state anti-chain-store laws? If anti-chain-store laws were becoming widespread and presumably more legitimate, what accounts for their repeal? We argue that processes of contention combine with processes of diffusion to create this pattern of institutional change.

The diffusion perspective underplays contention because it de-emphasizes action of all types (DiMaggio 1988) and institutional researchers need to “pay more attention to preexisting institutional conditions, what the alternative institutional projects are in a given situation, and the political process by which projects win out” (Fligstein and Mara Drita 1996, p. 27). Davis, Diekmann, and Tinsley (1994) present one of few studies that have focused explicitly on the deinstitutionalization of established social arrangements, and they highlighted the role of actors representing a new institution. The institutional change they documented was a form of de-bunking, with corporate raiders showing that the conglomerate form of organization was a failure according to standards of institutional performance which all actors accepted as legitimate. By contrast, the anti-chain-store episode contains active contention over the very standards by which organizational forms should be evaluated. As a result, chain and anti-chain-store factions pursued institutional change not in the arena of the market, as did the enemies of the conglomerate firm, but farther up the institutional hierarchy, in the legislatures, courts, and courts of public opinion where the rules that determine market success are established. The anti-chain-store episode reveals the need for a model of institutional change that accounts for both contention and diffusion (Soule and Zylan 1997; Schneiberg and Soule 2002). Below, we build on social movement theory and describe how the contest over an organizational form occurs through the interaction between a movement and an opposing group.

Social movements “combine three elements: (1) campaigns of collective

claims on target authorities; (2) an array of claim-making performances including special-purpose associations, public meetings, media statements, and demonstrations; (3) public representations of the cause's worthiness, unity, numbers, and commitment" (Tilly 2004, p. 7). When a social movement begins mobilizing resources toward its goals, individuals and institutions who oppose those goals or whose resources are threatened launch counteroffensives (Meyer and Staggenborg 1996). The opposition to a movement can be led by a countermovement or an interest group. The difference between social movements and interest groups is more one of degree than one of kind since both interest groups and social movements are "collectivities that have as their basis a shared outlook, identity or frame of reference" although social movements are more "pro-change, more challenging vis-à-vis the status quo than interest groups" (Bashevkin 1996). A few sociologists have noted that, while bureaucratized social movement organizations *can* be treated as interest groups, the distinction is seldom made in the literature. Burstein and Linton (2002) reviewed 53 articles and found that only one made a distinction between interest groups and social movement organizations and none explicitly considered how the impact of one differs from the other.

The central organization of the pro-chain-store forces suggests an interest group, while the less centralized, but coherent and purposive efforts of the anti-chain-store forces supports their categorization as a social movement (social movements do not require formal organization; see McAdam, McCarthy, and Zald 1996; Buechler 1990).² These differences manifested themselves in the capacities and strategies of the groups, as the anti-chain-store forces were more likely to transgress institutionalized boundaries of contention (e.g., with inflammatory rhetoric and marches on capitals), and to target the grass roots of public opinion, while the pro-chain-store forces engaged in better-coordinated national efforts aimed at the Congress and the U.S. Supreme Court. The different targets of these groups also indicate divided governmental authority (state legislatures vs. the Supreme Court), an encouraging condition for contention over institutions.

A stringent definition of a social movement's impact is whether it succeeds in initiating legal and policy changes (Burstein 1999). When a movement attacks an organizational form, an important indicator of the movement's impact is the loss of legal endorsement for the organizational form

² Buechler (1990, p. 42), e.g., distinguishes between a social movement community (SMC) and a social movement organization (SMO): whereas the SMO has "recourse to formal, complex organizational structures, the SMC does so through informal networks of politicized individuals with fluid boundaries, flexible leadership structures, and malleable divisions of labor." In this sense, the anti-chain-store forces may be seen as constituting a social movement community.

through the enactment of hostile laws. By contrast, when a countermovement or an interest group seeks to defend an organizational form, an indicator of the countermovement's policy impact is the repeal of hostile laws. In this case, the enactment of anti-chain-store law is an indicator of the impact of the anti-chain-store movement, and the repeal of such laws is an indicator of the pro-chain-store interest group. Whether a movement or a rival interest group wins hinges on the relative strength and coherence of their interests, on their access to allies, and on their success in guiding contention to favorable arenas (Fligstein 1996, p. 664). We develop these ideas and derive hypotheses to outline the conditions of the success of the anti-chain-store movement and pro-chain-store interest group.

INTRASTATE CONTENTION

Whether a political project garners more support from legislators depends on its relative influence vis-à-vis rival projects (Fligstein 2001). Therefore, we must first consider the power of advocates, and their homogeneity, as the foundation of contention over anti-chain-store laws (Schneiberg and Bartley 2001). We go beyond this starting point, however, by examining how these intrastate foundational elements affect the inter-state diffusion of legislative outcomes. Diffusion produces a scale shift in conflict movements and countermovements as local episodes become national or international in scope (McAdam et al. 2001; Scott 2002). Our original claim is that the power and structure of the parties engaged in contention will affect not only local political outcomes, but also the influence that those outcomes have elsewhere, as well as how outcomes elsewhere affect local politics. Our arguments add to the efforts of Soule and Zylan (1997), who considered how similarity between two states affects diffusion of legislation between them, but not what makes a state more generally influential or subject to influence.

Actor Influence: Power and Homogeneity

Beginning with intrastate power, the owners of independent businesses and chains represented the movement and countermovement side: independent entrepreneurs were consistently for anti-chain-store laws, while chain entrepreneurs were consistently against them. The greater the number of independent stores in a state, the more influential they were with legislators. For example, one U.S. senator explained his anti-chain-store position as a function of the "hundreds of letters [received] from individual merchants for every one that comes from a chain store official or employee"

(*Chain Store Progress*, 1929, vol. , no. 5, p. 3). Conversely, chains become more consequential for legislators as they become more numerous. Therefore

HYPOTHESIS 1a.—*The rate of anti-chain-store legislative outcomes will increase (enactments increase; repeals decrease) with the number of independent stores in a state.*

HYPOTHESIS 1b.—*The rate of pro-chain-store legislative outcomes will increase (enactments decrease; repeals increase) with the number of chain-stores in a state.*

Although the number of constituents with a given interest and their resources may be the raw material of power, organization harnesses that power and can affect outcomes that belie the implications of numbers and resources (Clemens 1997). Often the capacity to organize effectively depends on whether constituents recognize their shared identity and, by implication, their shared interests. Olson (1965) argues that diverse groups are unable to produce collective goods because of the divergence of their interests. The more heterogeneous the constituents, the more difficult it is for activists to mobilize them, and the less likely it is that they will succeed (Tarrow 1994). Numerous laboratory experiments suggest that actors are attracted to those who are similar to themselves on salient characteristics but repulsed by dissimilar others; thus, dissimilarity is a cause of weak integration (Byrne 1971). In a study of the rise of chains in the hospitality industry, Ingram (1998) argued that even though there were tens of thousands of independent hoteliers, they were so different from one another that they could not effectively agree on a direction for institutional change. By contrast, hotel chain entrepreneurs, although amounting to only a dozen, recognized a common identity and were able to engage in successful collective action.

Independents in the anti-chain-store episode experienced similar difficulties in organizing. The many anti-chain-store efforts during the campaign were repeatedly characterized as “grassroots” efforts. There was no coordinating national association (an organization formed for this purpose in 1938 “promptly ran into internal dissension”; *New York Times*, November 19, 1939, p. F7) and no overarching strategy or management of the anti-chain-store forces, which is seen as key to the public influence of private interests (Scott and Meyer 1983; Walker 1983). Indeed, Palamountain (1955) points to what might seem to be a strength of the anti-chain-store movement—the vast number of bills that were introduced in state legislatures—as evidence of the lack of cohesive identity and effective organization. A unified group, he argues, would focus its energy in each state on a single bill and not disperse it among 12 bills in one state and one year, as anti-chain-store forces sometimes did. Organizational theorists working in other contexts have recognized that diverse systems “carry

high overhead costs" (Carroll and Hannan 2000, p. 440) and lead to fragmentation because of a large number of uncoordinated loci of decision making at a given level, or by a large and varied number of routes or channels used to transmit decisions, reports, or funds from one sector level to another (Scott and Meyer 1983). Thus, heterogeneity of interests appeared to be a barrier to independents' organization, frustrating efforts to define group boundaries that transcended segmental differences (e.g., druggists might ally with other druggists, but not with grocers). Given the ethnic segmentation of retailing throughout most of the 20th century (e.g., the dominance of dry goods retailing by Jews), ethnic differences may have added to segment differences to frustrate organization in heterogeneous retail sectors.

The organizing implications of independent disunity are illustrated by considering efforts to raise money. The California referendum campaign is typical of the fund-raising experiences of the chain and independent camps. The California State Chain Store Association was made up of only 65 chains, and they shared the costs of the campaign according to their size. As predicted by Olson (1965), some chains, such as Safeway Groceries, which faced an annual tax of \$669,011 should anti-chain-store legislation succeed, were willing to bare almost all of the costs of contention, allowing others such as the Regal Shoe Company (\$7 in annual taxes) to free ride (California Chain Stores Association 1936). For the independents, however, there were no giants to stake the group, and eliciting contributions required making thousands of individual sales pitches. Large numbers of solicitors were needed, each looking for their cut. Ultimately, the payoff to the solicitors had to be so large that it compromised the whole effort. It became public during the California campaign that a fundraiser was entitled to 40% of any contribution he raised. Understandably, this news had a devastating effect on contributions and therefore on the organizational capacity of the independents (Palamountain 1955). Similar stories emerged about anti-chain-store groups around the country. Ironically, trade magazines and chambers of commerce often advised independent retailers not to contribute to such groups in an effort to stamp out profiteering. The independents' experience is consistent with Walker's (1983) claim that, in the United States before World War II, fundraising challenges generally prevented diverse, broad-based groups from establishing peak associations.

Still, the influence of heterogeneity to frustrate independent organization appears to be one of degree—in some instances, such as the various trade-at-home campaigns, independents achieved a degree of coordination and organization. We reason that such collective action was more likely to occur when the independents in a state were more homogeneous; for example, when they are more dominated by a single retail segment (e.g.,

the department store segment, which was large and had many independents). By contrast, chains were smaller in number, but larger in size, so they were less vulnerable to the problem of heterogeneity among members. By establishing an effective peak association they took a major step toward transitioning from social movement to interest group, institutionalizing coordinated strategy and action, and thereby reducing the significance of local cohesion (Walker 1983; Clemens 1997). Therefore we predict a homogeneity effect only for independents:

HYPOTHESIS 2.—The rate of anti-chain-store legislative outcomes will increase (enactments increase; subsequent repeals decrease) with the degree of segment homogeneity of independents in state.

Allies

A staple proposition in social movement theory is that the success of social movements hinges on the existence of allies (McAdam et al. 1996; McAdam et al. 2001). Allies enable a conflict movement to broaden its support beyond a narrow range of constituents with grievances, and to widen the critique of the target organizational form. The more numerous the allies, the easier it is for activists in the conflict movement to exert pressure on legislators and induce them to enact laws hostile to the target organizational form.

For chains and their opponents, workers in the retail sector were a potential source of support. Initially, national labor organizations, particularly the American Federation of Labor (AFL), had severely criticized chain operating and trade practices. However, in 1938 and 1939 the largest chain in the country, A&P, which had previously resisted unionization, signed a series of collective bargaining contracts with AFL unions. In what is perhaps a first in the history of labor relations, they signed these contracts “under the guidance of their public relations council” (Roat 1939, p. 515), indicating that this was a tactic to win broader approval for the chains. The value of these contracts was demonstrated in the 1940 hearings on Wright Patman’s federal “death sentence bill” that nearly outlawed chains by taxing them to bankruptcy. That bill was vigorously opposed by the International Allied Printing Trades Association, the International Retail Clerks’ Protective Association, the Amalgamated Meat Cutters and Butcher Workman—all AFL affiliates—and by numerous union locals and state federations of labor (Palamountain 1955).

Moreover, jobs in chains were in many ways preferable to jobs in independents. Generally, they paid better, as in 1933 when the average chain employee earned \$1,079 per a year, compared to \$945 for independent employees. This difference is directly related to chains’ absentee ownership, which introduced the need for some employees who would

represent the owners and supervise other employees. Chain employees were paid more on average because some of them filled this new role, which could be called "management." Even workers in the lowest levels of a chain hierarchy had at least the possibility of promotion to a better position, unlike workers in independent organizations, who were always subordinate to the owner-operator. The action of the unions in opposition to anti-chain-store laws, and the relative attractiveness of jobs in chains suggest that retail workers were opposed to anti-chain-store laws. Therefore

HYPOTHESIS 3.—The rate of pro-chain-store legislative outcomes will increase (enactments decrease; repeals increase) with the number of retail workers in a state.

Farmers were another key constituency, and they were initially viewed as having interests antithetical to those of the chains and complementary to those of independents. They were unsympathetic to the urban, North Eastern, capitalistic values that the chains represented (Lebhar 1959). The mythical home of the chains was Wall Street, and rural America feared its intrusion on Main Street. Additionally, chains represented a direct threat to the economic interests of rural America by consolidating purchasing power in the retail food industry. It has always been recognized that one of the economic advantages of chains was purchasing power wrought by consolidation. But such power came at the expense of sellers, and in the service industry where chains had the most sales for the whole period we study, food retailing, those sellers were farmers.

Pro-chain-store forces did not, however, idly accept the opposition of rural America. They employed strategies to co-opt this important set of actors to their cause. The strategies were instances of what McAdam et al. (2001, p. 142) call brokerage, defined as linking between previously disconnected social sites. An exemplary effort occurred during the California referendum campaign of 1936. That year was a bountiful one for California agriculture, producing several commodity gluts. Early in the year, growers and canners were threatened by a peach surplus. On February 26, the California Canning Peach Growers wrote to Don Francisco, the Lord & Thomas vice president who "quarterbacked" the chains' referendum campaign, explaining the crises and attributing it to an underconsumption of canned peaches. Francisco played the broker in this instance, and through their national association, the chains launched a nationwide drive to purchase and distribute the peaches. The growers realized a substantial gain rather than the loss they had feared. Similar efforts occurred to help California cattlemen and the dried fruit industry. Following the California experience, the grocery chains instituted a permanent agricultural relief program, which in subsequent years moved many surplus crops into consumption across the nation. In Florida in

1937, A&P stepped in to save the citrus industry from a surplus just as the state senate was about to pass a particularly harsh anti-chain-store bill. Citrus growers spoke up, and the bill was defeated. In that year in Maine, the pressure of farm groups caused the repeal of a chain tax. Farm groups also spoke against anti-chain-store laws in Oregon (walnut growers) and New York (turkey farmers; Palamountain 1955; Lebharr 1959; Horowitz 1988).

These brokering efforts were not aimed indiscriminately, but rather at a specific organizational form in agriculture—the cooperative. All of the examples above involve coordination between chains and agricultural cooperatives, rather than disorganized farmers. A number of individuals personify the brokerage between cooperatives and chains. John Brandt, president of the massive Land O’ Lakes dairy cooperative was a featured speaker at the second annual meeting of the NCSA. He attributed the rapid growth of his organization to the chains that bought 75% of its output (Buehler 1931). James E. Boyle, an agricultural economist at Cornell University, proselytized the chain-coop connection at meetings of both camps. In an article that appeared in the *Farm Journal* he opined that “chains will promote cooperative marketing in the end” (California Chain Store Association 1936, p. 49), exactly the same claim he made in an article in *Chain Store Progress* (Boyle 1930). NCSA executives such as vice president R. W. Lyons advised farmers that working with chains would “require grower organization, agreement to furnish quality in exactly the kind of uniform packs demanded by chain store business Some individuals of course can comply with these requirements but these are among the larger growers. Smaller ones must pool their efforts” (*Chain Store Progress*, 1930, vol. 2, no. 10, p. 4). Another article in *Chain Store Progress* (1931, vol. 3, no. 3, p. 3) contains the advice: “Farmers can attract chain store buyers by joining cooperative marketing associations and standardizing their products. . . . [Farmers] must cooperate.”

Independent retailers and independent farms would seem to be a natural alliance, in line with historical anticorporate pressure from rural America (Clemens 1997; Sanders 1999). The fit between chain and agricultural coops is less comfortable. Schneiberg (2002) shows that insurance mutuals (a form of cooperative) flourished partly due to anticorporate sentiment, and he argues more generally that cooperatives represent an economic order that contrasts with that of corporations. So how did agricultural cooperatives and chains resolve this incongruence? Fantastically, a claim took hold that they were fundamentally the same type of organization. Brandt of Land O’ Lakes characterized agricultural cooperatives as an instance of “the chain idea of production and merchandising” (*Chain Store Progress*, 1929, vol. 1, no. 7, p. 1), while the general manager of a cooperative of California date growers observed that “the

chains represent organized, efficient mass distribution, which is the counterpart of organized selling by a farmer cooperative" (California Chain Store Association 1936, p. 47). These claims of similarity at first appear to be an outrageous clash of logics, and a contradiction to the oft observed hostility between cooperatives and corporations (e.g., Rothschild and Whitt 1986; Simons and Ingram 1997). In temporal and sectoral context, however, the claims are more credible. In fact, they were a manifestation of a process that began as early as the 1890s, when agricultural cooperatives started to embrace concepts of efficiency and rationality and, because of this change, "practices of market competition began to edge out the old rules of fraternal mutuality" (Clemens 1997, p. 167).

At the time of the anti-chain-store episode, both the distribution and agricultural sectors were lagging in the rationalization that was coming to define the modern American economy. Coops and chains represented the vanguard of rationalization in their respective sectors, the first organizational forms in those sectors to successfully apply managerial control and coordination successfully. They occupied very similar market positions—chains accounted for 22% of retail sales in 1929, while coops accounted for 23% of agricultural sales in 1930. Furthermore, both were what Chandler and Galambos (1970) call "secondary organizations," engaged mainly in coordinating other organizations, in contrast to the "primary organizations," which engaged in organizing people and had characterized the earlier rationalization of the manufacturing sector. Finally, it is significant that agricultural cooperatives did not face direct competition from corporations—corporate farms did not begin to flourish until after World War II (Raup 1973). Had such organizations been common at the height of the anti-chain-store episode, it seems certain that the differences between the agricultural cooperatives and the corporate chains would have been more salient (as they have become in recent decades; see Mintz and Schwartz 1985).

Whatever the rhetorical underpinnings of the chain-coop brokerage, the historical record suggests that coops helped the chains. For example, during the momentous California referendum of 1936, the managers of peach, avocado, citrus, olive, dairy, and date cooperatives gave testimonials in favor of the chains, while no independent farms, which were at that time the large majority in California agriculture, appeared in the pro-chain propaganda (California Chain Store Association 1936). Coop leaders were similarly vocal in opposition to the Patman "death-sentence" bill in hearings before a subcommittee of the U.S. House of Representatives (*New York Times*, April 12, 1940, p. 44). Combined, these arguments lead us to expect cooperative agricultural interests to act in support of the chains and against the anti-chain-store laws, and noncooperative

agricultural interests (independent farmers) to join the independent forces in favor of the laws.

HYPOTHESIS 4a.—*The rate of anti-chain-store legislative outcomes will increase (enactments increase; repeals decrease) with the size of noncooperative agricultural interests in a state.*

HYPOTHESIS 4b.—*The rate of pro-chain-store legislative outcomes will increase (enactments decrease; repeals increase) with the size of cooperative agricultural interests in a state.*

INTERSTATE DIFFUSION

The idea that institutional change in one social unit spreads to others is at the bedrock of diffusion-based institutional theories (Strang and Soule 1998). It is also widely accepted that institutionalization in large or otherwise prominent social units is more influential (DiMaggio and Powell 1983; Haveman 1993; Haunschild and Miner 1997). Applying this idea to contested institutions, however, requires a modification of the familiar argument. Specifically, it is not only institutional outcomes, but also the tactics of contention employed by both sides, that diffuse. The idea of tactical spillovers between social movements is familiar, but to date, the focus has been on how direct and indirect links between and within movements act as paths of tactical diffusion (McAdam and Rucht 1993; Meyer and Whittier 1994; Soule 1997). We tested the idea of interstate linkage in our models, but our theoretical contribution is to develop the claim that the power of local contestants also contributes to their influence on other locations and makes states more or less salient role models for other states.

In the anti-chain-store episode, more extensive pro- or anti-chain-store efforts within a state were more likely to be noticed outside the state. For example, in 1936, the *New York Times* makes more mention (seven articles) of anti-chain-store contestation in California than in any other state (second place went to Iowa, which appeared in four articles due to its particularly large tax—an outcome of the strength of the anti-chain-store forces there). Such attention to California is not surprising, but it is notable that the pro- and anti-chain-store campaigns were each the subject of two articles in the months leading up to the referendum, thereby, reflecting the power of anti- and pro-chain-store forces. Thus, pro-chain-store tactics, such as forming a state association, and anti-chain-store tactics, such as the march on the state capital, would have had a chance to influence contention in other states before the outcome in California was even known. In evidence of this effect, California's anti-chain-store contention was discussed at a meeting of retail grocers in Dallas in June 1936, five

months before the referendum. To be clear, we are not claiming that all tactics of contention are equally likely to diffuse: we agree with Tilly (1993) that tactics will diffuse if they are perceived as effective. That perception may be cast, however, before outcomes of a local contention are known, and in any case, the losers of an episode of contention may nevertheless employ good tactics (Soule 1997).

What we suggest is that contention in one state spills over into other states, and whether a state becomes an influential role model for anti- or pro-chain-store outcomes hinges on the strength of the contending forces. While intrastate influence of contenders' political power depends fundamentally on votes and therefore numbers, interstate influence can be expected to derive from the economic resources that the contenders can bring to bare (of course, numbers and resources are closely related). It is these resources, spent for example on publications and radio broadcasts, that determine the volume of the political message heard in other states:

HYPOTHESIS 5a.—Legislative contention in a state will do more to promote anti-chain-store outcomes (enactments increase; repeals decrease) in other states when the resources of anti-chain-store forces in the original state are higher.

HYPOTHESIS 5b.—Legislative contention in a state will do more to promote pro-chain-store outcomes (enactments decrease; repeals increase) in other states when the resources of pro-chain-store forces in the original state are higher.

Earlier, we had argued that the homogeneity of independents leads to in-group cohesion and facilitates collective action to secure anti-chain-store outcomes. The flipside of in-group cohesion is hostility to out-groups and their ideas (Hewstone, Rubin, and Willis 2002). Thus, while independent homogeneity may enhance intrastate anti-chain-store pressure, it should also affect the process of interstate diffusion of legislative outcomes. Specifically, if independents in a state are more homogenous and more cohesive, they should be more inwardly oriented and less affected by what goes on in other states. Such dampening of intergroup influence has been shown in the laboratory, where an in-group identity creates a barrier through which innovations from those with different identities are less likely to pass (Kane, Argote, and Levine 2003). In the context of institutional change, we expect that increasing cohesion within a social unit will reduce its susceptibility to diffusion of contentious tactics and institutional outcomes elsewhere:

HYPOTHESIS 6.—The susceptibility of a state to anti-chain-store enactments and repeals in other states will decrease with the degree of segment-homogeneity of independents in the focal state.

SUPRASTATE CONTENTION

The anti-chain-store episode also saw efforts, particularly by pro-chain-store forces, to influence legislation within states by striking up national alliances and by contending anti-chain-store laws in a suprastate institutional context, the Supreme Court. Our predictions regarding these efforts are of direct effects on state legislative outcomes, but our models examine the possibility that they also affected patterns of interstate diffusion.

The simultaneous examination of the anti-chain-store movement and the pro-chain-store interest group highlights their interdependence. At the most basic level, the parties animated each other—the anti-chain-store movement began as a response to a rapid proliferation of chains; leaders of chain organizations shifted from explicit disregard to intense engagement of the anti-chain-store movement in response to its early successes. The interdependence of contending movements also includes higher-order actions and strategies, which may unfold in a move, countermove dynamic (Schwartz 1976, p. 150). This dynamic may extend to the very arenas in which contention plays out, as when actors who experience setbacks shift their efforts to new venues (Meyer and Staggenborg 1996). In our context, there was a hierarchical shift because pro-chain-store forces were losing out in states, and so they appealed to a higher power, the Supreme Court, to review the constitutionality of anti-chain-store laws.

This maneuvering may be seen as an instance of the general tendency of disadvantaged groups to strive to make conflict more “public” and widen it, whereas, the advantaged seek to make it “private” and limit it (Schattschneider 1960). The independents, disadvantaged vis-à-vis the chain stores in terms of resources and organization, chose the most public forums: the grassroots of public opinion and the state legislatures. In contrast, the chain stores exploited their advantage in the rarified and exclusive environs of the courts. Contention in this latter forum was further circumscribed by the legal strategies of the chains, which emphasized the cultural, constitutive element of the law (Edelman and Suchman 1997). They focused on erudite questions regarding the boundaries of organizational forms (e.g., How many units define a chain?) and the legitimate bases for interform comparisons (e.g. How is a chain different from a department store?) rather than the materialistic issues of wealth distribution and organizational survival that were more appealing to the public fancy.

The greater the number of Supreme Court decisions that annulled anti-chain-store laws, the harder it was for opponents of chains to enact anti-chain-store laws in a focal state. The reason is that judicial precedents become institutions, and curtail the discretion of legislatures. The greater

the number of Supreme Court decisions that struck down anti-chain-store laws, the easier it was for pro-chain-store forces to repeal the anti-chain-store laws. Therefore:

HYPOTHESIS 7.—The rate of pro-chain-store legislative outcomes will increase with the number of negative Supreme Court decisions striking down anti-chain-store laws.

DATA

Our study had two dependent variables: the enactment of an anti-chain-store law and the repeal of an anti-chain-store law. An anti-chain-store law was defined as a law that imposed greater taxes on chains than on independents. Our dataset consisted of state-years where all states were at risk of enacting an anti-chain-store law, and when a state enacted an anti-chain law we coded it as “1” for that year and “0” otherwise. By contrast, states with anti-chain laws were the only ones at risk of repealing them; we coded the year of repeal for the focal state as “1” and “0” otherwise.

We gathered data on the exact dates that states enacted and repealed anti-chain-store laws. These data come from the *Retailers Manual of Taxes and Regulations* (1971; the last edition of its kind), which covers the taxes until 1970. So, data availability necessitates that 1970 is the last year for which we could conduct analysis. Of course, we could stop the analysis in any earlier year. For example, we could choose 1945 as the last year of the analysis, to reflect the opinion that, by the end of World War II, the anti-chain-store episode had petered out. However, reduced levels of activity regarding anti-chain-store laws continued at least until 1970 (see fig. 1). For example, West Virginia repealed its anti-chain-store law in 1970. We analyze the enactment processes over the maximum period from 1923 (when the first bill was introduced) until 1970. We study repeals during the period 1927 (when the first law was enacted) until 1970. Supplementary analysis, which stopped the observation window at 1945, yielded results consistent with those we report below.

Independent Variables

We measure the number of independent retailers by computing the count of independent stores and rescaling them by 1,000. We also computed the number of stores owned by chains rescaled by 1,000 to measure the strength of chain stores. We used total revenues (10,000s of constant 1981 dollars) accruing to independents and chains in a given state to represent the resources of the contending groups.

We operationalized the homogeneity of independents through a Herfindahl index of concentration that we constructed using the number of stores in each of 14 major retail segments in the state:

$$Storecon_j = \sum_i \left(\frac{stores_{ij}}{stores_j} \right)^2,$$

where j represents a given state, and i one of the retail segments within the state. With 14 segments, this measure can vary from a high of 1 (e.g., if all independent stores in a state were in the grocer segment) to a low of 0.07 (e.g., if the independent stores in a state were evenly distributed across the 14 retail segments).

We defined retail employees as employees working in the retail sector. We include the agricultural revenue of each state in millions of constant dollars. That figure is broken into the component attributable to agricultural cooperatives, and the non-cooperative component. We also computed the number of negative U.S. Supreme Court decisions that struck down anti-chain-store laws. All of these independent variables were lagged by a year and were collected from U.S. Census of Business and of Services (various years) and the Statistical Abstract of the United States (various years). In the case of U.S. Supreme Court decisions, the *Retailers Manual of Taxes and Regulations*, 15th ed., was consulted.

Control variables

We included a number of control variables. We added the number of positive U.S. Supreme Court decisions upholding chain laws. Cumulative negative Supreme Court decisions were also inserted as a control. We also included chain concentration, which we computed similarly to independent concentration. We inserted a dummy for peripheral (as opposed to core manufacturing or mixed-economy) states (Schneiberg and Soule 2002). All of these variables were lagged by a year.

METHODS

We employ a method to capture the influence of political resources, organization, arena-shifts, brokering and diffusion on the enactment and repeal of anti-chain-store laws. In an early study of the diffusion of legislation across the United States, Walker (1969, p. 891) argued that “constituent units of any federal system are under considerable pressure to conform with national and regional standards These norms result primarily from the processes of emulation.” Other studies of the passage of laws governing professions (Zhou 1993), workmen’s compensation (Pa-

valko 1989), administrative reforms (Soule and Zylan 1997) and hate crimes (Grattet et al. 1998) demonstrate that adoption by peers promotes the spread of laws.

To model the effects of action and diffusion simultaneously, we used a variant of Strang and Tuma's (1993) heterogeneous diffusion model. The model allows us to estimate continuous time models of the hazards of enactment and repeal of anti-chain-store laws, and has the following specification in the absence of time dependence:

$$r_{it} = \exp\left[\alpha'x_n + \left(\sum \beta v_n + \gamma'w_s\right)\right].$$

In a model of enactment, n refers to those states that have not adopted an anti-chain-store law, and s refers to states that have already adopted an anti-chain-store law. Although this model appears complex, it is a straightforward account of the enactment and repeal of laws that distinguishes between propensity (action) and diffusion effects. A state has an intrinsic propensity to adopt flowing from its own characteristics: x_n is a vector of variables describing a potential migrant n 's *propensity*. The diffusion effects are partitioned into susceptibility and infectiousness effects. First, when another state enacts an anti-chain store law, the extent to which it influences the focal state to enact depends on factors that make the focal state more or less susceptible to outside influence. This susceptibility can either reduce or magnify the influence of prior enactments by other states: v_n is a vector of variables describing n 's *susceptibility* to influences from prior enactments of anti-chain-store laws. Second, prior enactors of anti-chain-store laws can be more or less influential as role models according to their individual characteristics (their "infectiousness"), therefore, w_s is a vector of variables describing the *infectiousness* of s (prior adopters) for all n . A similar model can be constructed in the case of repeal. We estimated these models using a specially formulated SAS program developed by David Strang.³

The results of this model are interpreted somewhat differently from

³ Heterogeneous diffusion models typically include a fourth vector that reflects the proximity between the actor at risk of adoption and previous adopters. In our context proximity might be geographic distance between two states or similarity on some measure of their economies. In preliminary analysis we examined a number of proximity measures, including Walker's (1969) groupings of other-referencing states, the federal circuit court to which the state belonged (Guthrie and Roth 1999), and Sanders's (1999) core/periphery measure, as well as measures of physical proximity and rural/urban split. None of these yielded significant and consistent results in our models. Moreover, the inclusion of proximity variables had little or no effect on coefficients for the variables that test our hypotheses. Therefore, in the interest of simplicity, and in the face of a relatively small sample size, we did not include proximity in the models we report here.

conventional regression models. Thus, the propensity and susceptibility vectors refer to the at-risk state, whereas the infectiousness vector refers to prior adopters. For example, finding a positive effect of the number of independent stores in the propensity vector of the enactment model means that states with more independents are more likely to enact anti-chain-store laws. But finding a positive effect of number of independents in the susceptibility vector means that as the number of anti-chain-store laws rises, states where independent stores are more numerous are more likely to succumb to contagion. A positive effect of the number of independents in the infectiousness vector means that enactments by states where independents are numerous have a more pronounced effect on subsequent enactments by other states.

The multiple routes by which a variable can influence enactment (or repeal) create a challenge for specifying models to test our hypotheses. What vector(s) should a variable be entered into? Greve, Strang, and Tuma (1995) recommend that parallel search, that is, simultaneously estimating effects in different vectors, is more efficient than serial search, where the variable is introduced in each vector in separate analyses. Unfortunately, we have a relatively small ratio of events to explanatory variables (36:13 in the enactment analysis and 23:13 in the repeal analysis). Given the low number of events it is simply impossible to estimate our models with all of the potential explanatory variables in all of the vectors. Realistically, it is necessary for us to (a) enter variables sequentially and drop insignificant variables from subsequent models and (b) use judgment as to the most likely form of influence (propensity, susceptibility, infectiousness) for each variable rather than enter it simultaneously in all three. To implement these principles we applied the following steps for each of the enactment and repeal models:

1. For the infectiousness vector, we entered the variables necessary to test hypothesis 2a and 2b, level of independent revenues and the level of chain revenues of the states that have enacted (repealed) anti-chain-store laws. We included as a control Sanders's (1999) indicator of whether or not the state was peripheral. This measure is based on manufacturing value-added per capita in the earliest decades of the 20th century. Sanders's own arguments are that peripheral states were the sources for farmers' movements that affected the development of the American nation state. For our purposes, however, it seems likely that peripheral states will be less infectious role models (Schneiberg and Soule 2002).

2. We identified five variables to form the core of the propensity vector: the number of independent stores, the number of chain stores, the number of retail employees, agricultural revenue from cooperatives, and agricultural revenue from noncooperatives in the state. These variables were selected because they test our hypotheses regarding the key constituents

of the contesting movements. Consequently, they should capture the strength of the fundamental pro- or anti-chain interest in a state in any given year. These variables were entered first in both the enactment and repeal models.

3. For all other variables, we followed the strategy of entering them (sequentially) in both the propensity and infectiousness vectors. Table 1 provides basic statistics for the variables used in the enactment analysis, and table 2, contains the same for the repeal analysis.

RESULTS

Table 3 presents the results of the analysis of the enactment of anti-chain-store laws. Model 1 includes the variables in the infectiousness vector and the "key-constituent" variables in the propensity vector. States are more likely to enact anti-chain-store laws when they contain more independent stores, and less likely to do so when they contain more chain stores. This supports hypotheses 1a and 1b. Consistent with hypothesis 3, enactment is less likely in states with more retail employees. Hypotheses 4a and 4b are not supported for enactments, as agricultural revenue does not influence enactment, whether from cooperative or noncooperative sources. The infectiousness vector shows support for hypothesis 5a as states with a large level of independent revenue have a greater influence on others when they pass as anti-chain-store law. Hypothesis 5b is supported by the negative coefficient on chain revenue, indicating that a state's enactment does less to encourage enactments elsewhere when the chains there had more resources to employ in their fight against the law. Peripheral states are neither more nor less influential in the enactment analysis.

Model 2 adds (to the propensity and susceptibility vectors as noted in point 3 above) the measures of concentration by segment for independents and chains. Consistent with hypothesis 2, states in which the independents are more concentrated, and therefore more homogenous, are more likely to enact anti-chain-store laws. The negative coefficient on this variable in the susceptibility vector supports hypothesis 6, that independent homogeneity reduces the tendency for a state to be influenced by enactments elsewhere. Although it is only weakly significant in model 2, and not significant in subsequent models, the coefficient is consistently negative. Chain concentration does not have a significant influence on enactment, consistent with the argument that chains, due to their larger size, smaller numbers, and effective peak association faced less of a challenge of collective action and therefore would not benefit from segment homogeneity.

Model 3 adds the variables representing positive and negative U.S. Supreme Court decisions regarding anti-chain-store laws. None of these

variables are significant in either the propensity or susceptibility vectors. Hypothesis 7 is not supported for enactment.

Model 4 represents a further examination of the effect of retail employees. Rather than the aggregate of chain and independent employees from previous models, it includes only independent employees (chain employees were examined in preliminary models and did not have significant influence). The coefficient on the variable is negative, indicating that states with more independent employees were less likely to pass anti-chain-store laws. Further the variable is significant at the .01 level, whereas the aggregate retail employees variable was only ever significant at the .10 level. Apparently independent employees, who were paid less, and faced less opportunity than their chain counterparts, were the driving force of labor in favor of the chains.

Table 4 presents the results of the analysis of anti-chain-store law repeal. Model 5 corresponds to model 1 in the enactment analysis, including the infectiousness vector, and the key-constituent variables in the propensity vector. The only significant variables in the propensity vector are agricultural revenue of noncoops, which has the negative coefficient predicted hypothesis 4a, and agricultural revenue of coops, which has the positive coefficient predicted by hypothesis 4b. Each group of constituents that we identified as important affected one and only one of the processes of enactment and repeal. Stores and employees affected the former process and agricultural interests the latter. There are no significant variables in the infectiousness vector, so hypotheses 5a and 5b are not supported for repeals. A subsequent model shows that repeals by peripheral states were less influential on others.

Model 6 adds the variables representing independent and chain concentration. As in the enactment models, independent concentration has a marginally significant coefficient in the susceptibility vector, supporting hypothesis 6, that more homogenous structures among independents reduce exposure to diffusion from other states. (As in enactment models, this result falls to insignificance in later models). Independent concentration is insignificant in the propensity vector, so hypothesis 2 is not supported for repeals. Model 7 adds the Supreme Court variables. It creates a relatively large jump in the log-likelihood ratio, but not much in the way of significance of individual variables. Therefore, we retained the one Supreme Court variable that was marginally significant, dropped the other three, and estimated model 8. Negative Supreme Court decisions (those that strike down anti-chain-store laws) increase the propensity to repeal existing laws. This supports hypothesis 7. Model 9 presents a final check of the influence of the Supreme Court by adding cumulative negative decisions (exclusive of negative decisions in the proceeding year). This variable is significant and positive, consistent with the idea that

TABLE 1
DESCRIPTIVE STATISTICS, ANTI-CHAIN-STORE LAW ENACTMENT

Variable	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1. New law .....	.02	.15	. . .	.01	-.04	-.03	.05	-.02	-.07	-.03	.13	.19	.15	-.04	-.07	.01
2. Independent stores/1,000	32.037	36.542		.94	-.13	-.18	.97	.80	.98	-.07	-.02	-.02	.97	.56	.46	
3. Chain stores/1,000	3.639	4.454			.01	-.13	.91	.91	.93	-.09	.04	-.03	.94	.66	.55	
4. Independent concentration .....	.13	.033				.37	-.14	.16	-.18	-.04	-.06	-.10	-.11	.20	.01	
5. Chain concentration .....	.20	.069					-.15	-.01	-.21	-.14	.17	.10	-.19	-.08	-.18	
6. Retail employees/1,000	58.044	75.640						.77	.98	-.14	.00	.00	.97	.50	.38	
7. Chain sales	102.31	164.35							.78	-.10	-.14	-.11	.84	.76	.52	
8. Independent sales	298.57	363.68								-.11	-.04	-.03	.96	.56	.48	
9. Peripheral state .....	.16	.369									.02	.04	-.11	-.16	.06	
Supreme Court decisions:																
10. Positive .....	.11	.320											.43	-.08	-.16	-.02
11. Negative .....	.07	.260												.06	.13	.02
12. Independent employees/1,000	42.167	52.467													.60	.45
Agricultural revenue (\$1,000,000s):																
13. Cooperative	140.31	191.09														.66
14. Noncooperative	351.57	331.84														. . .

NOTE.—N = 1,614 observations.

TABLE 2
DESCRIPTIVE STATISTICS, ANTI-CHAIN-STORE LAW REPEAL

Variable	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1. Law end .....	.04	.185	. . .	.05	-.02	-.12	-.01	.07	-.05	.03	-.04	.09	.21	-.21	-.06	-.07
2. Independent stores/1,000	29.300	19.511			.60	-.08	-.24	.96	.70	.97	.01	-.07	-.05	.08	.46	.52	
3. Chain stores/1,000	3.453	5.397				.14	-.08	.55	.55	.59	.03	-.09	-.06	.10	.37	.43	
4. Independent concentration .....	.143	.03					.21	-.11	.40	-.14	.15	-.10	-.04	.18	.21	.13
5. Chain concentration .....	.192	.05						-.15	-.01	-.23	.34	.25	.24	-.24	-.06	-.12
6. Retail employees/1,000	41.791	30.979							.67	.96	-.18	-.02	.01	.02	.47	.46	
7. Chain sales	86.07	91.84								.69	-.09	-.25	-.18	.27	.65	.51	
8. Independent sales	253.80	190.17									-.12	-.12	-.09	.13	.48	.48	
9. Peripheral state .....	.55	.50										-.04	-.08	.03	-.33	-.06
Supreme Court decisions:																	
10. Positive .....	.12	.32											.63	.96	-.19	-.10
11. Negative .....	.07	.252												.56	-.14	-.07
12. Negative, cumulative	2.74	.671													.26	.11	
Agricultural revenue (\$1,000,000s):																	
13. Cooperative	129.38	147.56															.81
14. Noncooperative	449.62	414.04															. . .

NOTE.—N = 649 observations.

TABLE 3
HETEROGENEOUS DIFFUSION MODELS OF ENACTMENT OF ANTI-CHAIN-STORE LAWS

	Model 1	Model 2	Model 3	Model 4
Propensity:				
Constant	-4.185 (.584)	-5.999 (1.26)	-6.029 (1.280)	-5.102 (1.047)
Actor influence:				
No. of independent stores/ 1,000 .....	.136*** (.032)	.136*** (.032)	.138*** (.033)	.232*** (.057)
No. of chain stores/1,000	-.797** (.390)	-.730** (.384)	-.729** (.391)	-1.447*** (.348)
Independent concentration		27.36** (13.41)	21.89** (10.80)	15.909** (9.05)
Chain concentration		-3.289 (4.19)		
Allies:				
Retail employees/1,000	-.031* (.022)	-.035* (.022)	-.036* (.023)	
Independent employees/ 1,000				-.046*** (.018)
Agricultural revenue:				
Cooperative/\$1,000,000,000 .....	.001 (.002)			
Noncooperative/\$1,000,000,000	-.0001 (.001)			
Arenas:				
Positive Supreme Court decisions ($t - 1$) .....			.124 (1.001)	

Negative Supreme Court decisions ($t - 1$)			-.545	
			(1.122)	
Diffusion:				
Susceptibility:				
Constant	-.187			
	(.128)			
Independent concentration		-1.132*	-.839	-.671
		(.647)	(.599)	(.468)
Chain concentration .....		.147		
		(.238)		
Positive Supreme Court decisions ($t - 1$) .....			.038	
			(.048)	
Negative Supreme Court decisions ($t - 1$)			-.001	
			(.060)	
Infectiousness:				
Independent revenues/\$10,000 .....	.103***	.009***	.009***	.007***
	(.002)	(.002)	(.003)	(.002)
Chain revenues/\$10,000	-.074***	-.064***	-.063***	-.051***
	(.015)	(.015)	(.018)	(.015)
Peripheral state	-.199	-.264	-.340	-.232
	(.178)	(.173)	(.210)	(.165)
Likelihood ratio vs. baseline	94.86	98.05	101.26	101.76

NOTE.—One-tailed tests where directional predictions are made.

* $P < .10$.

** $P < .05$.

*** $P < .01$.

TABLE 4
HETEROGENEOUS DIFFUSION MODELS OF REPEAL OF ANTI-CHAIN-STORE LAWS

	Model 5	Model 6	Model 7	Model 8	Model 9
Propensity:					
Constant	-.511 (.751)	-1.465 (1.566)	-.903 (1.193)	-.224 (.677)	-.960 (.865)
Actor influence:					
No. of independent stores/ 1,000 .....	.081 (.064)				
No. of chain stores/1,000	-.050 (.269)				
Independent concentration		11.87 (13.73)			
Chain concentration		-12.45* (7.385)	-5.627 (3.82)		
Allies:					
Retail employees/1,000	-.035 (.041)				
Agricultural revenue:					
Cooperative/\$1,000,000 .....	.006** (.003)	.005** (.003)	.006** (.003)	.006** (.003)	.005** (.003)
Noncooperative/\$1,000,000	-.005** (.002)	-.003** (.001)	-.003** (.001)	-.003** (.001)	-.002** (.001)
Arenas:					
Positive Supreme Court decisions ($t - 1$)			-.023 (1.53)		
Negative Supreme Court decisions ($t - 1$)			1.509* (1.122)	1.105** (.566)	2.612*** (.730)

Negative Supreme Court decisions, cumulative					2.643*** (.861)
Diffusion:					
Susceptibility:					
Constant	-.084 (.265)			.033 (.272)	-.923*** (.407)
Independent concentration		-1.798* (1.30)	-1.098 (.940)		
Chain concentration .....		.930 (.664)			
Positive Supreme Court decisions ($t - 1$)			-.008 (.163)		
Negative Supreme Court decisions ($t - 1$)			-.040 (.165)		
Infectiousness:					
Independent revenues/\$10,000	-.001 (.001)	-.001 (.001)	.000 (.001)	.001 (.001)	.001 (.001)
Chain revenues/\$10,000	-.002 (.003)	-.004 (.004)	.005 (.004)	.001 (.003)	.004 (.003)
Peripheral state	-.254 (.352)	-.270 (.320)	-.010 (.375)	-.546 (.333)	-.596* (.349)
Likelihood ratio vs. baseline	43.92	45.08	47.88	43.49	53.32

NOTE.—One-tailed tests where directional predictions are made.

* $P < .10$.

** $P < .05$.

*** $P < .01$.

negative Supreme Court decisions create an enduring influence on existing anti-chain-store laws.

We conducted a number of checks of the robustness of the enactment and repeal results. As noted, we estimated the models on an observation windows that went only to 1945, excluding the later period when there was substantially less activity. We included state unemployment as a covariate to check the idea the anti-chain-store episode was driven by poor economic conditions, particularly during the depression. We added a dummy variable for 1933, a year that stands out in the number of enactments. We added a count of past anti-chain-store laws that a state had enacted, as a check of unobserved heterogeneity, and in case there was momentum to the enactment or repeal process. We substituted the state's population for independent and chain revenue in the infectiousness vector, and also added it to the propensity vector. None of the additional variables were significant, except population which was significant in the infectiousness vector of the repeal model (a repeal in a populous state had more impact on others, consistent with the idea that adoption by a prominent actor promotes diffusion: see Meyer and Rowan 1977; Haunschild and Miner 1997). More important, all of the results described above were robust to these checks.

DISCUSSION

We made symmetric predictions regarding the influences on the rates of enactment and repeal. Our analysis shows a decided asymmetry in the results. To summarize, the number of independents and independent homogeneity drove states to enact anti-chain-store laws. This seems to map on to the grassroots, intrastate social movement activity that represented the main effort of the anti-chain-store camp. By contrast, the number of chain stores and number of retail employees prevented the enactment of anti-chain-store laws. Enactments also reflected interstate diffusion, with enacting states with more independent resources encouraging, and those with more chain resources discouraging, others to enact. States with more concentrated structures of independent retailers were less susceptible to the influence of diffusion.

The relative influence of intra-, inter-, and suprastate effects is reversed in the process of repeal. Here, there is no influence at all of store counts, retail employees, or independent homogeneity, and there is little in the way of diffusion. Instead, two more sophisticated strategies of the chains—the brokering of agricultural cooperatives in individual states and the shift in arena to the Supreme Court—hold sway. The contest over repeal, it would seem, was played on the turf of the chains.

Why were the chains able to employ the suprastate brokering and Supreme Court strategies while the independents were not? Chains had national interests, national organization, and therefore the capacity to make and implement national strategy. The independents, on the other hand, were predominantly local. They struggled to cohere, mobilize, and organize in the face of their diversity. It is not that they were unable to act—they presented an impressive array of contentious actions, ranging from radio broadcasts, to marches on capitals, to inflammatory cartoons, to high school debates. They made a lot of noise and introduced the possibility of an institutional change that would have sent the U.S. economy and society on a very different trajectory. But these actions were ultimately insufficiently focused and coordinated to overcome the chains' effort.

The distinction between chain and independent efforts may be linked to theory through the relationship between social movements and interest groups. Sociologists seldom distinguish those categories, but there is a recognition that the latter groups may grow out of the former (Walker 1983; Clemens 1997; Burstein and Linton 2002). The transition from social movement to interest group depends on organization, and the formation of a peak association is a particularly significant step. Effective political organization enables coordination, and the channeling of resources in a strategic direction. The anti-chain-store episode illustrates that some organizational forms are better able to produce political organization than others. While it is true that movements and countermovements seek to emulate each other (Staggenborg and Meyer 1998), the existence of a cohesive identity constrains such emulation. Here, as in other processes that affect the rise of organizational forms, interform diversity is critical (Carroll and Hannan 2000, p. 440). Whereas diversity may benefit an organizational form as a source of options to deal with social problems, here we see the flip side, diversity as a source of disunity in interorganizational relationships and a discount to political power.

Previous literature on social movements and contention has recognized both the brokering and arena-shift strategies, but our case provides a particularly good look at them for two reasons. First, the anti-chain-store episode allows the simultaneous examination of two contending movements, highlighting the interdependence of their maneuvers. In contrast, the emphasis of previous study of movement and countermovement interaction has largely been vis-à-vis the state rather than with each other (Staggenborg and Meyer 1998). Our study shows that when a movement exploits an arena as anti-chain-store forces sought to pressure legislators, the countermovement can mount a twofold response. Pro-chain-store forces sought to exploit a different arena, the judiciary, where they tried get the U.S. Supreme Court to overturn anti-chain-store laws, and thus

undo the work of state legislatures. Pro-chain-store forces also co-opted new allies through brokering. Thus, we present a dynamic model of political interaction in which mass action forecloses options for elite groups and induces them to pursue other forums and strategies. A complex process of social change is likely to ensue since the victory of a challenger in one arena shifts the battlefield to another location (Zald and Useem 1987).

A second advantage of the anti-chain-store episode for examining these strategies is the possibility to analyze explicitly their impact on the success of movements. Social movements may be able to insert issues into an agenda where those issues may have an impact, or they may increase the access of their constituents to decision makers and through that access have an impact, but the most consequential impact is that of changing policies (Burstein 1999). Yet, there are very few studies of the policy impact of movements that explicitly consider the effects of resistance (Tilly 1999). Here, a contribution to social movements corresponds to a contribution to organizational theory, as that literature has long recognized that organizational forms thrive or founder partly as a result of whether they obtain legal endorsement from state authorities. Despite the importance of legal support from the state, there is little research on the causes of endorsement acts by state authorities (Carroll and Hannan 2000, p. 204). Particularly scarce are efforts to show how legal endorsement is not exogenous blessing showered on an organizational form, but instead, the outcome of the actions of organizations in an industry and their opponents. The anti-chain-store episode shows how competition between organizational forms can occur through contention over institutions. Ecological models that use organizational counts to represent the competitiveness and institutional influence of an organizational form could be beneficially expanded to include the forms' capacities and strategies for contention.

The examination of strategies of contention represents a step forward for theories of institutional change. Although researchers have acknowledged that political pressures constitute one driver of institutional change, they have seldom shown how challenges to an incumbent form can arise from social movements and trigger a countermovement championing a rival project. We began by acknowledging institutional accounts, which hold that diffusion and sheer prevalence lead to taken-for-grantedness of an institution. These arguments have mostly ignored failed instances of diffusion (Strang and Soule 1998). The presence of a number of arrested institutional trajectories in the anti-chain-store episode forces recognition of a dynamic process of contention. In this tussle, resources and interests are not fixed and the rules governing interaction are contested. While extant studies of institutional change document shifts in the evaluation of institutional forms (e.g., Carroll and Hannan 2000; Davis et al. 1994),

in the anti-chain-store episode we see that the very standards by which institutions are evaluated become the object of contention. The upshot is that social movements not only underpin the appearance of new organizational forms that embody new values and authority, but they also underlie the attempts to dismantle existing combinations of values and authority.

We did not, however, discard the role of diffusion and the fundamentals of the theories that are built on it. Key elements of the anti-chain-store episode—such as the form of the laws, the trade-at-home campaigns, and the strategy for brokering between chains and agricultural coops—diffused from one social site to another (Soule 1997). There was also diffusion of legislative outcomes, and this depended on the power and structure of the contending parties in the states that were the sources and subjects of diffusion.

While our analytic focus was on concrete institutional manifestations in state laws, we believe that cognition played an important role, as it does in diffusion-based accounts of institutionalization. The efforts of chains and coops to justify their allegiance, for example, indicate that the feasibility of a contention strategy depends on its legitimacy, and that constructing such legitimacy can be at the core of affecting institutional change. Even more telling is the meaning attached to deinstitutionalized social forms. The anti-chain-store episode was one of the most prominent questions of public policy in the 1920s and 1930s and a milestone in the rationalization of the U.S. economy. Yet, it is today almost completely forgotten. How can this be? Davis et al. (1994) argue that deinstitutionalization involves a cognitive “settling of accounts,” where previous institutions must be recast to be consistent with the emergent institutional order. They explain that the dediversification of U.S. corporations was therefore accompanied by a revised understanding of the firm-as-portfolio model as a “colossal mistake.” In our context, cognitive consistency between new and old institutional orders has been reestablished by forgetting that the legitimacy of the chain form was ever in question.

The absence of awareness of the anti-chain-store episode in the public consciousness mirrors a gap in the scholarly literature. The rise of chains was part of the transition to modernity of the U.S. economy—the application of hierarchical, managerial control that began in manufacturing and transportation but eventually extended to distribution and agriculture. Explanations from economic history present this rationalization as an inevitable response to efficiency opportunities presented by advances in transportation and communication technologies (Chandler 1977; Kim 2001). In these accounts, progress may pause to wait for a push from an innovator in organization or transaction design, but there is no allowance for the possibility that it may be stalled, or even derailed, by resistance

from those who do things the traditional way. Contention in the anti-chain-store episode gives the lie to that functionalist vision, and reminds us that questions of efficiency and effectiveness are only sensible within an institutional framework, not in the abstract. The growth of chains would not seem inevitable at all in the face of a tax that exceeded their revenues. Evaluations of their social efficiency might come out different if the calculation included not only the price of their tomatoes, but their cost in terms of the erosion of community life. The issue is not only whether the boundaries of a form such as chain stores are efficient but also whether they are socially and politically acceptable. For us, it is the contention over this acceptability, and not the ultimate triumph of the chains, that was inevitable.

Given our reliance on one episode of contention and institutional change, it is important to consider scope conditions on our arguments. Every instance of institutional change is embedded in preexisting laws, norms, customs, cognitions and organizations that partly define the actors, their interests, and the set of actions they may feasibly employ. Analyses of institutional change must therefore balance full attention to the idiosyncrasies of a specific institutional setting with an effort to distill generalizable mechanisms and processes. In the anti-chain-store episode the institutional idiosyncrasies are those of the United States in the middle part of the 20th century. Examples include the federal system that enabled diffusion of legislation and contention strategies between the states, the division of powers that created the option of pursuing a cause in the legislatures or in the courts, and the rhetoric of rationalization that legitimized the alliance between the chains and agricultural cooperatives. All of these, however, are manifestations of more general mechanisms and processes. Institutions may diffuse internationally according to the same processes that drive diffusion among the U.S. states (Strang 1990; Meyer et al. 1997). The strategy of shifting the arena of institutional contention does not require a Supreme Court but merely a division of institutional authority, a condition satisfied in almost all imaginable institutional systems. And while agricultural cooperatives and chains may not be allies in other countries, the rhetorical justification for their alliance in the United States indicates a process of manipulating institutional logics to find common ground that underpins political relationships of all kinds (Friedland and Alford 1991).

In conclusion, we return to the phenomenon of the rise of chains. After all the fuss and opposition, chains have continued the ascendance they started at the beginning of this century. There was a small rollback of chains' market share over the period that anti-chain-store laws were most prevalent, but ultimately the chains achieved dominance and are becoming more dominant even today. So what, if anything, does attention to

the anti-chain-store episode get us in terms of understanding the current organizational structure of the U.S. economy? The truth is that the persistent implications of the anti-chain-store episode can be seen *only* through examining the *process* of institutional change. While it is true that, in the long run, the anti-chain-store laws were repealed and otherwise faded to the background, there are persistent traces of their existence. Specifically, the chains themselves were changed in the process of campaigning against the laws. An A&P that is unionized, and that sacrifices some of the benefits of market power to protect its agricultural suppliers, is a changed organization. Indeed, it is hard to believe that chains could have moved so quickly from the periphery to the core of our economic system if they had not co-opted, in the process of contending with the independents, other significant actors.

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